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Report on the work of the UNICEF Executive Board and secretariat on a resource mobilization strategy for UNICEF

Summary

The present report is the second to be prepared in response to Executive Board decision 1998/6 (E/ICEF/1998/6 (Part I)). It focuses on the work of the secretariat and the Board on a resource mobilization strategy for UNICEF. The report will be transmitted to the Economic and Social Council, together with a summary of the Board's discussion of this issue at the annual session. Following the session, the Executive Director will produce a draft resource mobilization strategy for discussion at the second regular session in September, with a view to adopting the strategy at the first regular session in 1999.

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INTRODUCTION

1. The present report is the second to be prepared in response to Executive Board decision 1998/6 (E/ICEF/1998/6 (Part I)), in which the Board decided to hold at least one inter-sessional meeting, open to all delegations, in the first quarter of 1998 to discuss a resource mobilization strategy for UNICEF. The first inter-sessional meeting, held on 5 March 1998, was based on a conference room paper (E/ICEF/1998/CRP.7) and allowed delegations and a representative of the Standing Group of National Committees for UNICEF to exchange views on elements of the resource mobilization strategy.

2. The next step called for by decision 1998/6 is the present report, produced for discussion at the annual session of the Executive Board and focusing on the work of the secretariat and the Board on the strategy. The report will be transmitted to the Economic and Social Council together with a summary of the discussion at the annual session. Following the session, the Executive Director will produce a draft resource mobilization strategy for discussion at the second regular session in September, with a view to adopting the strategy at the first regular session in 1999.

3. The context for developing the resource mobilization strategy is provided by General Assembly resolution 50/227 of 24 May 1996, in which the Assembly decided that the governing bodies of the funds and programmes should adopt, in the context of their programme arrangements and financial plans, a specific and realistic target for core resources, based on their programme needs and specific mandates. The Assembly stated that the governing bodies of the funds and programmes should take decisions on their own funding arrangements, and stressed the importance of keeping Member States informed of the financial picture of the funds and programmes, as well as the relationship between programme requirements and available funding.

4. Continuing this discussion, the Economic and Social Council, in its resolution 1997/59 of 24 July 1997, recommended that the Executive Boards of the funds and programmes review and monitor their funding arrangements, with a view to making funding more secure and predictable with respect to core resources, and with a view to meeting their funding targets, their programme objectives and the priorities and needs of programme countries. The Council called upon the Executive Boards to take decisions on their own funding arrangements in accordance with Assembly resolution 50/227, and to report thereon to the Council at its substantive session of 1998.

5. To respond to the requests of the Assembly and the Council, the UNICEF Executive Board began a process of consultation and discussion with the secretariat at its third regular session of 1997, when it decided to have the Executive Director present an oral report on the issue of resource mobilization to the first regular session of 1998. In that report (reproduced in E/ICEF/1998/CRP.7), the Executive Director described efforts undertaken by the secretariat to address the issue. These included the formation of a team to review UNICEF resource mobilization efforts, emphasis on the importance of general resources (core resources), increased emphasis on private sector fund-raising, a review of the Private Sector Division (PSD) (formerly the Greeting Card and related Operations), expanded collaboration with the international financial institutions and improved contributions management. The Executive Director asked a number of questions of the Board, including how UNICEF could assist Governments in securing funding for children, the possibility of securing multi-year funding for core resources and how countries could increase their resources for children.

6. These questions were also discussed in greater detail at the inter-sessional meeting of 5 March, which identified several areas for further consideration. These issues will contribute to the draft resource mobilization strategy to be submitted to the Board at the second regular session in September.

7. The issue of resource mobilization is also being discussed in other forums, including the Second Committee, the Economic and Social Council and the working group of the United Nations Development Programme/United Nations Population Fund Executive Board. The secretariat is following these discussions closely to benefit from their findings and conclusions and to avoid duplication of effort. The secretariat has also been pleased to respond to individual delegations which have wished to discuss the resource mobilization efforts of UNICEF.

KEY ISSUES FOR CONTINUED CONSIDERATION

8. It is important to state at the outset that a total of eight Governments increased their local currency contributions to UNICEF general resources in 1997, although the continued strength of the United States dollar adversely affected UNICEF income. The secretariat intends to include an analysis of the effect of exchange rate fluctuations and possible options to minimize their effect in the draft strategy to be submitted to the second regular session. Total UNICEF income in 1997 was also affected by a decline in supplementary funds contributions.

9. Since 1990, total government contributions (general resources and supplementary funds) to UNICEF have fluctuated between $500 million and $700 million, peaking in 1992 and

falling back almost to the 1990 level in 1996. In that same period, the level of contributions to general resources has not changed significantly. Over the last five years, the same top five government donors (Japan, the Netherlands, Norway, Sweden and the United States) have contributed an average of 65 per cent of general resources provided by Governments. The top 10 donors today are responsible for more than 80 per cent of government general resource contributions (in addition to the Governments listed above, they are Denmark, Finland, Italy, Switzerland and the United Kingdom). Programme countries have consistently contributed around 10 per cent of government general resources. The proportion of general resources to supplementary funds over the last 10 years has ranged between 69 and 54 per cent, with significant fluctuations in both supplementary and emergency funds. Thus, the fluctuation in total income is primarily a direct result of the fluctuation in supplementary funding and emergency contributions. Private sector income, on the other hand, has shown a steady rise since 1990, from close to $200 million to about $300 million in 1996. The private sector now contributes almost one third of total general resources (1997 figures).

10. Whether or not UNICEF has reached a plateau in core resources from Governments will depend on the willingness of a number of Governments to assume a higher profile in providing financial support to the organization and on the willingness of those Governments that provide the lion's share of support to continue increasing their contributions. How to widen the pool of donors to include more Governments, including those of programme countries, and identifying what actions may lead to increased contributions from existing donors are key challenges to be addressed by an effective resource mobilization strategy. In terms of generating revenue from other sources, UNICEF has a distinct advantage within the United Nations system because of its historic relationship with the general public and the private sector, through the work of the National Committees for UNICEF and the Goodwill Ambassadors.

A. What the secretariat needs to do to create conditions for effective fund-raising

11. The first and most important condition for effective fund-raising is for UNICEF to continue to develop sustainable, quality programmes at country level that show demonstrable results for children and women. UNICEF must be able to show the impact of its programmes, including capacity-building and advocacy efforts. The development and implementation of guidelines and indicators for rights-based programming will be key to assessing the impact of UNICEF programmes.

12. The secretariat attempts to summarize the UNICEF contribution to the improvement of the situation of the world's children and the demonstrable results achieved in a number of reports and publications aimed at different audiences. These include the report of the Executive Director that is submitted to the Executive Board each year at its annual session; the two flagship publications, *The State of the World's Children* and *The Progress of Nations*; and other, more technically oriented publications. The communication strategy being presented to the Executive Board at the annual session (E/ICEF/1998/10) discusses the use by UNICEF of print media and other forms of communication to bring attention to the needs of children.

13. While maintaining its present focus on country programmes and improved efficiency through the Management Excellence Programme, UNICEF is looking ahead, through both the end-decade review of the progress made since the World Summit for Children and the organization's focus beyond the year 2000, which will be strongly guided by the Convention on the Rights of the Child. Despite significant progress to date, current available data suggest that achieving some of the decade's goals globally and in many regions will not be easy. Issues affecting the situation of children, and thus the achievement of the goals, include the continuing rise in poverty and inequality, declining official development assistance and reduced public expenditure on basic social services, the continued spread of HIV/AIDS, the increasing number of humanitarian emergencies affecting children and the removal of centrally subsidized safety nets in countries in transition from centrally planned to market-driven economies. To address these and related issues, late in 1997 the Executive Director established a high-level "futures group" that is working to define an agenda for UNICEF for the new century. The work of this group, which is ongoing, will inform the definition of the organization's priorities and identity in the years to come and will be crucial to fund-raising and resource mobilization efforts not only for UNICEF but for the global agenda for children.

14. Good programmes must also be reflected in good donor reports. As stated in the Executive Director's oral report to the first regular session of 1998, contributions management –including improved reporting to donors on the use of both general resources and supplementary funds–is a priority for country offices and UNICEF representatives. To that end, a work plan for contributions management is being finalized, a related training module that is under development will include guidelines on resource mobilization, and the annual briefing for new representatives scheduled for May 1998 will cover these and related issues. Donor reports must show in qualitative terms how progress is being made for children and indicate the specific advantages of UNICEF cooperation in a given area. It

has been suggested that these types of results then be used in large-scale efforts to mobilize additional resources for thematic or regional interventions. It is also expected that the Programme Manager System will allow better management analysis of the effective and efficient use of UNICEF financial resources.

15. As for supplementary funds, the secretariat is prepared to work with the Executive Board to provide clearer information on the basis for the amounts recommended in country programme recommendations (CPRs) for approval for fund-raising efforts, and to report on the amount of these funds received for country programmes during the course of their programme cycles. Country offices are instructed to make realistic supplementary funds proposals, based on the country programme's history of attracting supplementary funding and indicators from potential donors. CPRs submitted to the Executive Board already indicate how the programme will be affected if supplementary funds in the amount approved by the Board are not received. While donors (governmental and others) are always encouraged to give priority to providing core resources, supplementary funds represent an important source of additional revenue that normally cannot be made available as core resources for various reasons. UNICEF has a long tradition of exploring opportunities for supplementary funding from all categories of donors. The Executive Board will have an opportunity to discuss the recovery cost policy for supplementary funds at the second regular session of 1998.

16. Contributions for emergencies are another source of supplementary funds. UNICEF emergency income has varied considerably since 1991 (between $100 million and $200 million per year), depending on the number, severity and visibility of events over the period. The Executive Board's formal agreement on the UNICEF policy and strategy for children in emergencies has enabled the organization to concentrate its efforts and streamline its partnerships to focus specifically on the survival and protection needs of children and women. Nevertheless, the response rate to the UNICEF portion of the inter-agency consolidated appeals ranges between 30 and 50 per cent of stated requirements. Of the contributions which are received, all are limited to a maximum one-year duration despite the protracted nature of the problems being addressed. With a view to enhancing the organization's ability to consistently deliver a predictable set of responses for children in crises, the resource mobilization strategy will examine distinct ways of increasing the level and predictability of resources available for emergency action.

17. Targeted, effective lobbying and advocacy by UNICEF and the National Committees are critical to maintaining the profile necessary for successful fund-raising, whether with Governments or civil society at large. The Programme Funding Office (PFO), with primary responsibility for dealing with donor Governments, maintains and updates profiles of all donor Governments and coordinates UNICEF-wide fund-raising efforts with Governments, including those of UNICEF field offices. Executive Board members have raised a number of issues related to their own ability to provide funding to UNICEF, which are discussed in paragraph 25 below, and the secretariat looks forward to exploring with them ways in which its consultations with Governments may promote more effective resource mobilization for UNICEF.

18. The relationship between UNICEF and civil society is a key responsibility of the 37 National Committees, which contribute almost one third of the organization's income and, to a large extent, are the voice of UNICEF in industrialized countries. The importance of National Committees for resource mobilization, in the past and for the future, is illustrated clearly by this statistic: contributions from National Committees (to general resources and supplementary funds) tripled between 1987 and 1996, while government contributions (to general resources and supplementary funds) grew by less than one half. In addition to raising funds for UNICEF, the Committees play a key role in increasing public awareness about children's and development issues, thus raising the profile of UNICEF in their countries and creating a climate favourable to their Governments' and the public's – continued support for the organization. For example, as reported to the Executive Board at the first regular session of 1998, recent advocacy work by National Committees has focused on child labour, the sexual exploitation of children and land-mines. The Regional Office for Europe has begun a joint strategic planning process by having all secretariat offices working with the Committees review their priorities and activities. That review resulted in new internal mechanisms for collaboration and coordination, clearer procedures for policy guidance and oversight, and priorities for joint planning. These steps will allow the secretariat to provide improved support to the National Committees throughout 1998 and beyond. This issue will be elaborated further in an oral report on the implementation of the policy regarding National Committees to be presented at the annual session.

19. As indicated by the representative of the Standing Group of National Committees at the inter-sessional meeting on 5 March, an issue of concern to the Committees is the development of a corporate policy on private sector partnerships. Corporate partnership guidelines currently are being prepared and will be finalized in consultation with the National Committees. Given its vast potential, the overall relationship between UNICEF and the private sector requires special attention. In recognition of the importance of increasing private sector

revenue, PSD has taken a number of steps to strengthen private sector ties, including the establishment of a new section that is responsible for developing and managing international corporate fund-raising alliances, for example with multinationals, international service clubs and foundations. PSD will work closely with PFO, other divisions and the National Committees to develop further strategies for these new partnerships, including the identification of programmatic themes to focus potential donors' attention on children's needs.

20. Other potential sources of increased funding for UNICEF are the European Union and the international financial institutions. The Regional Director for Europe has informed the Executive Board about the ongoing work of the UNICEF office in Brussels to develop policy dialogue with several Directorates and to improve working relationships on funding issues with the European Union's humanitarian office. However, collaboration with the Union, despite its potential, remains challenging, particularly in administrative terms, for UNICEF and other United Nations agencies. Executive Board members have encouraged closer cooperation with the European Union, including fund-raising, and the secretariat would welcome the advice and assistance of member countries in addressing some of these issues.

21. As for cooperation with the World Bank, a meeting held in Washington, D.C. in late February identified collaborative advantages for UNICEF and the Bank in a number of areas. For example, a working group on post-conflict will focus on landmines, juvenile justice, youth and education. The World Bank is willing to consider financing staff in UNICEF emergency offices, especially in countries moving from conflict to reintegration and resettlement. Already, the Bank has provided $2 million to UNICEF for demobilization and community rehabilitation in the Democratic Republic of the Congo. A project on education in emergencies is being revised for submission to the Bank's Institutional Grants Facility. In the area of girls' education, collaboration will focus on early childhood care and development, quality education and education as an alternative to child labour. The Bank has agreed to provide a $5 million grant for moving ahead with best practices for girls' education in Southeast Asia.

22. Other areas identified for collaboration include global knowledge networks, sectoral investment programmes (SIPs), monitoring of poverty and progress towards the goals of the World Summit for Children, procurement services and staff exchanges. In addition, as the Executive Director informed the Executive Board in January, a significant new partnership with the World Bank is underway in Yemen, where a joint programme for children has been developed. Under the proposed country programme, which will be submitted to the Board at the second regular session in September, UNICEF would become a collaborating partner with the Government and the Bank for a $30 million loan from the International Development Association. Project components will include community-based schools, with priority on girls' education, early childhood development, decentralized health services and income generation for rural women. A comprehensive monitoring and evaluation programme will include project monitoring and measuring the impact of project interventions.

23. UNICEF and the World Bank will meet bi-annually to review this growing partnership. The Executive Director of UNICEF and the President of the World Bank will send a joint letter to the headquarters and field staff of both agencies to outline the expanded partnership and explain strategies for collaboration. These developments have resulted in the immediate provision of resources for programmes benefiting children, with the potential for further resources. Some of these resources will flow through UNICEF while others will augment the UNICEF contribution. UNICEF will also be able to contribute to the development of SIPs and to lead policy reviews for greater donor coordination on social SIPs, which will give UNICEF wider opportunities to advocate for children.

24. Finally, the secretariat will attempt to show the funding requirements implied by UNICEF programme objectives and its assumptions about governmental and non-governmental contributions in the organization's strategic medium-term plan, which is presented to the Executive Board on a rolling basis every two years, except for the financial plan, which is updated annually. The medium-term plan for the period 1998-2001 will be presented to the Executive Board at the second regular session of 1998.

B. Issues for the Executive Board's consideration

25. General Assembly resolution 50/227 and Economic and Social Council resolution 1997/59 stress that it is the responsibility of the Executive Boards of the funds and programmes to monitor and take decisions on their funding arrangements. During the UNICEF Executive Board's discussions of a resource mobilization strategy, during the first regular session of 1998 and at the 5 March inter-sessional meeting, delegations raised a number of issues that would benefit from more detailed consultations between Board members. These include the possibility of setting financial targets for government donors and of negotiated multi-year contributions to UNICEF. The secretariat is willing to work with the Board on ways to address various issues raised, such as burden-sharing, the question of

how to define exactly what is meant by Governments needing to provide the 'bedrock' of core contributions on a sustainable basis and what proportion of the total contribution ensures that UNICEF continues to be characterized as an inter-governmental organization. The secretariat welcomes the suggestion made at the inter-sessional meeting that interested delegations would work together to address these and other issues and looks forward to discussing these consultations.

C. Exploration of new and innovative means to tap non-governmental wealth

26. As indicated in paragraphs 18–19 above, UNICEF is fortunate to have what amounts to 37 'laboratories' for tapping non-governmental wealth in the form of the National Committees for UNICEF. The National Committees are innovative in their fund-raising strategies and experiment with new approaches to working with civil society and generating resources for children. PSD is strengthening further the ability of UNICEF to support the transformation of successful country-level initiatives by the Committees into multi-country or global interventions. These innovative initiatives include "Change for Good", "Check-out for Children", royalty licensing agreements with Flik Flak and Caran D'Arche and, at local level, city partnerships.

27. As the Executive Director indicated in her oral report to the first regular session of the Executive Board, UNICEF is collaborating with the United Nations Trust Fund to make effective use of the funds to be donated by Mr. Ted Turner which, hopefully, will be augmented by donations from other private donors.

28. Another issue that could be addressed is the exploration of new and innovative modalities for funding of continued programme involvement in countries that no longer qualify for allocations from general resources (under the policy approved by the Executive Board in 1997), but where, nonetheless, the experience and expertise acquired by UNICEF could still make significant contributions in terms of advocacy for implementation of the Convention on the Rights of the Child and the achievement of the goals of the World Summit for Children.

29. Finally, the secretariat looks forward to additional comments from Executive Board members on the questions posed by the Executive Director in her oral report at the first regular session of 1998, which were also incorporated in the conference room paper prepared for the 5 March inter-sessional meeting. These comments by delegations will provide additional guidance for the preparation of the draft resource mobilization strategy that will be presented to the Board at the second regular session in September 1998. The questions are reproduced below:

(a) How can we better assist you in securing the funding that is essential if, together with other partners, we are to meet the commitments to the world's poorest children as outlined in the Convention on the Rights of the Child and the World Summit goals?

(b) What will the impact of United Nations reform be on the resources available to UNICEF and how – together – may we ensure that a positive impact is realized?

(c) Are we canvassing Governments and the private sector in the appropriate places, at appropriate levels and with the appropriate effect?

(d) Has the time come to pursue more vigorously multi-year funding for core resources?

(e) Will accepting large amounts of funds from new and different sources, such as the international financial institutions, challenge the character of UNICEF?

(f) Are there drawbacks in the present functioning of UNICEF which, to your knowledge, limit our resource mobilization capacity?

(g) What can you, as key partners, do to increase your own financial resources for development, and for direct support for children in your own countries?